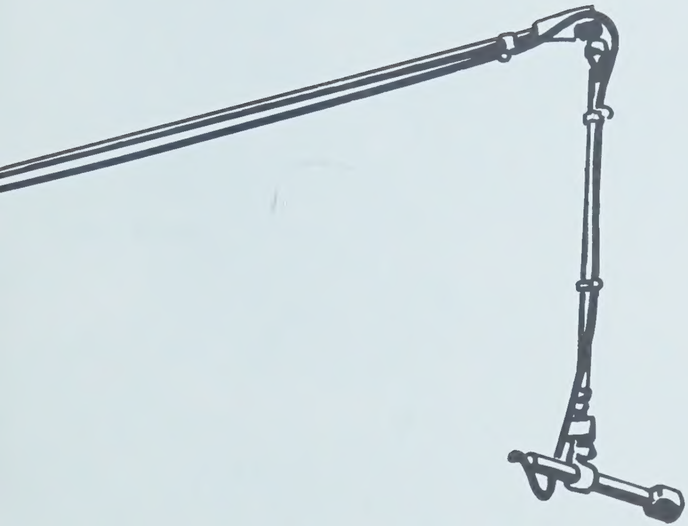
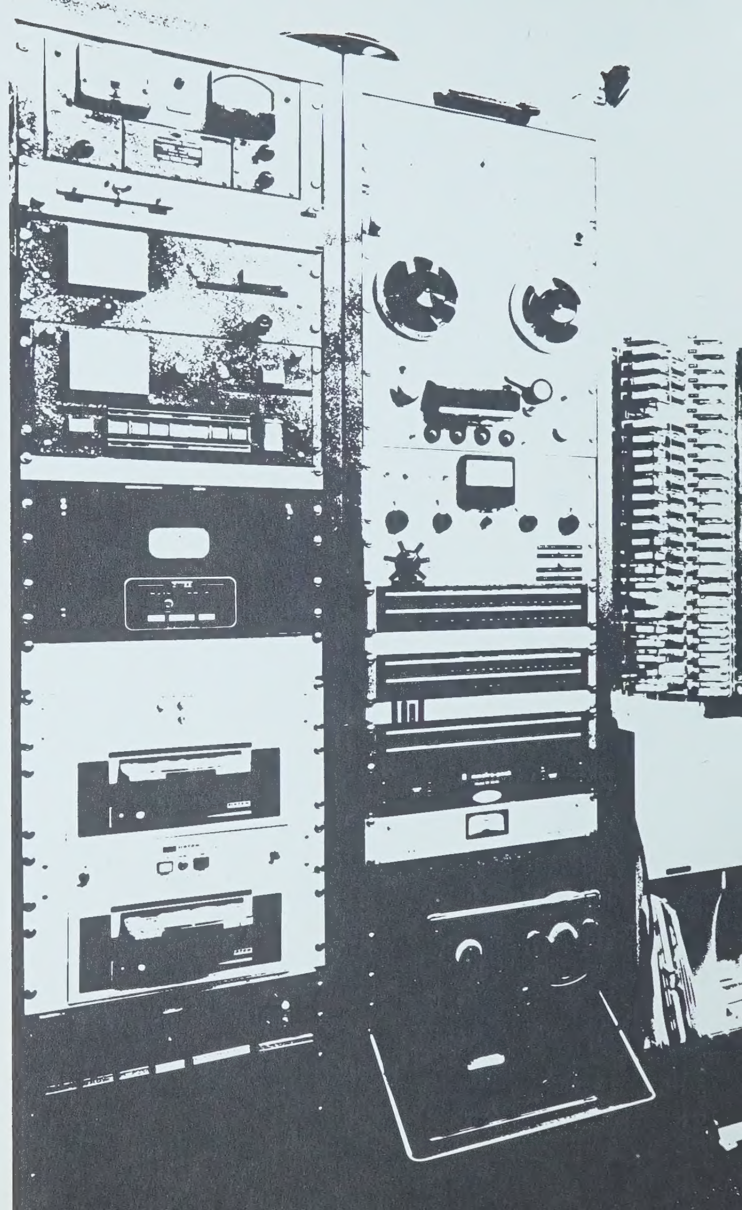
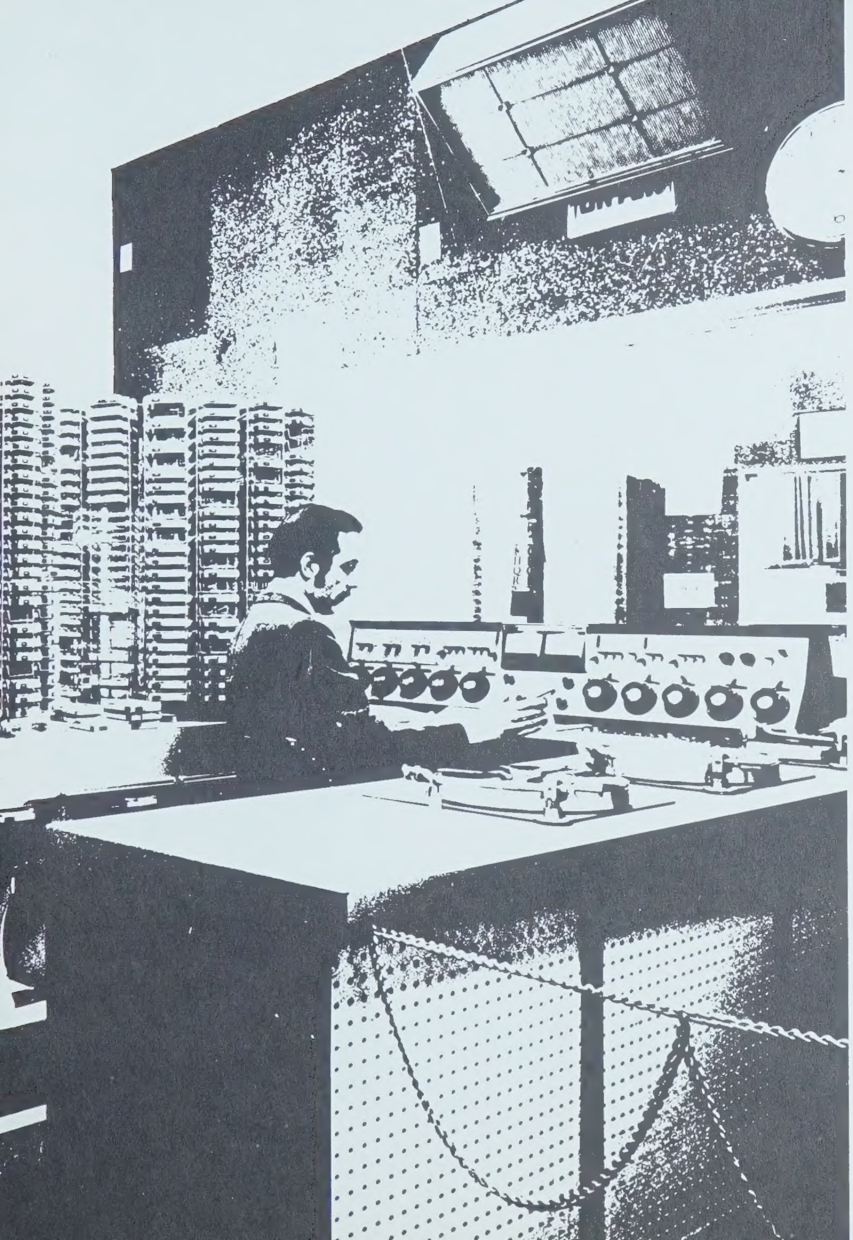


Western Broadcasting Company Ltd. Annual Report 1971





WESTERN BROADCASTING
COMPANY LTD.
505 Burrard St.,
Vancouver, B.C.

Western Broadcasting Company Ltd. was incorporated under the Companies Act of British Columbia under Memorandum and Articles of Association issued November, 1965. The common and preferred shares of the Company are listed on the Toronto, Calgary and Vancouver Stock Exchanges. Stock Transfer Agent, Canada Permanent Trust Co.

CONTENTS

Annual Meeting to be held at Royal Towers Hotel, New Westminster on August 18th, 1971 at 10:00 a.m.

Directors and Officers

Seated Left to Right

PETER PAUL SAUNDERS
Vancouver, B.C.
Director

WALTER S. OWEN, Q.C.
Vancouver, B.C.
Director-Vice President

FRANK A. GRIFFITHS, C.A.
Vancouver, B.C.
Director-President

WILLIAM J. HUGHES
Vancouver, B.C.
Director-
Executive Vice President

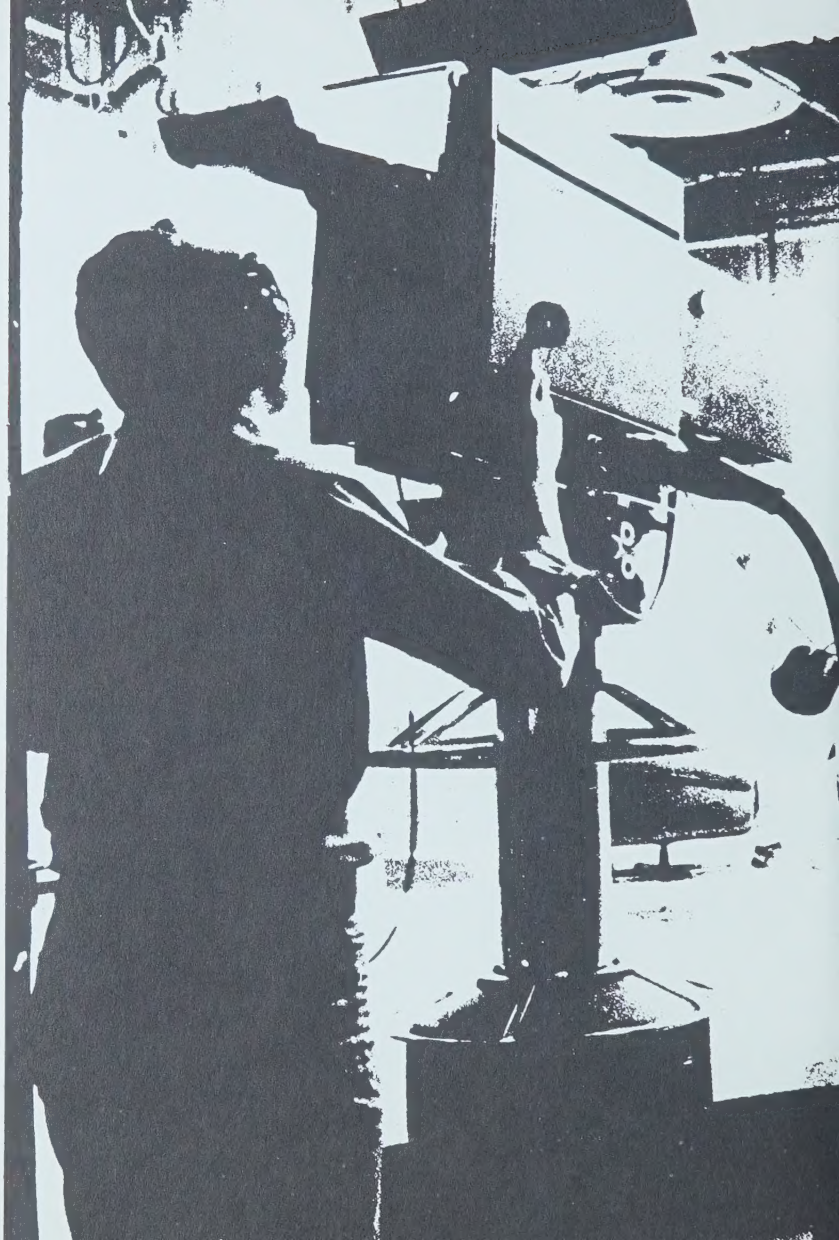
THEODORE S. SOSKIN
Calgary, Alberta
Director-
President CHQR

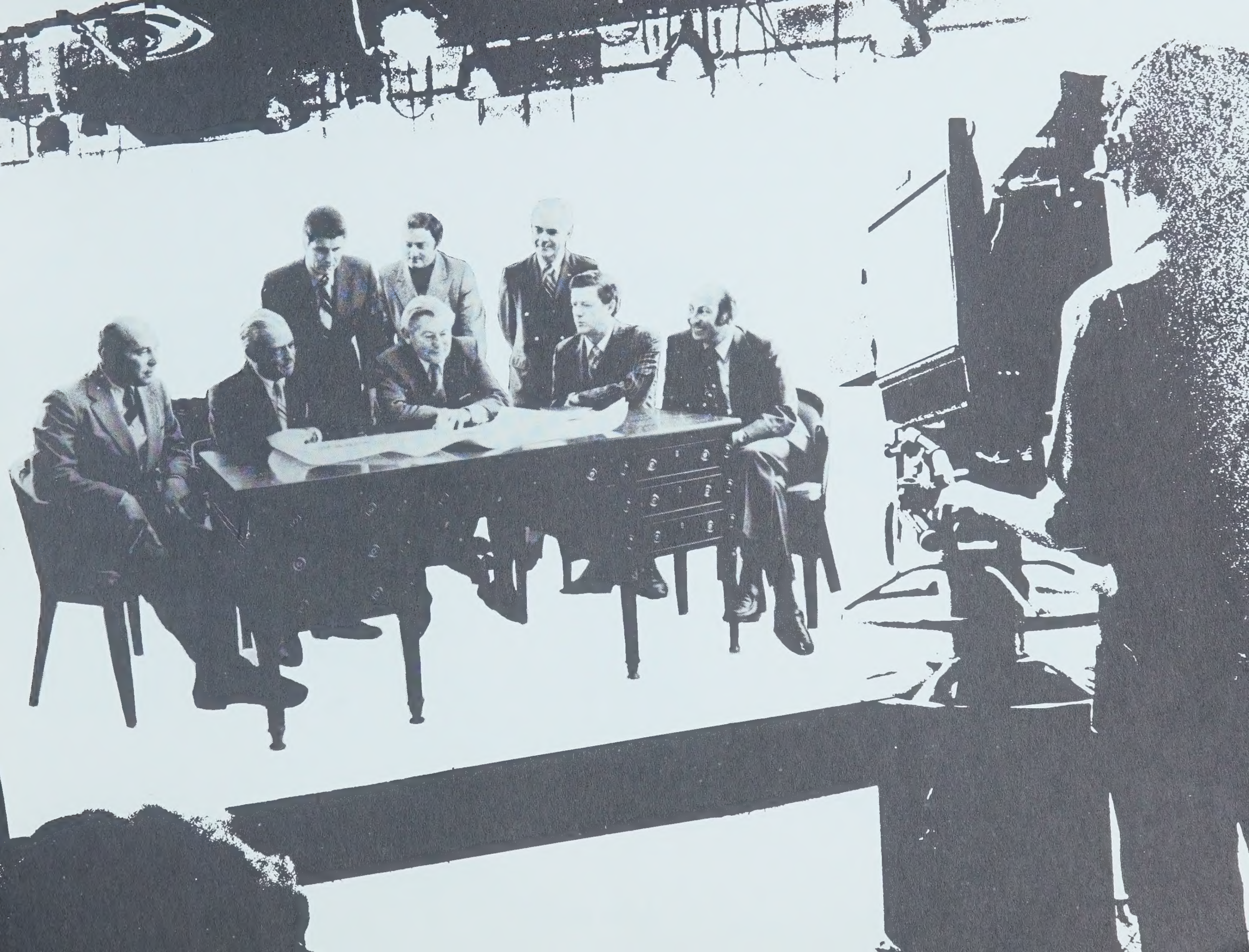
Standing Left to Right

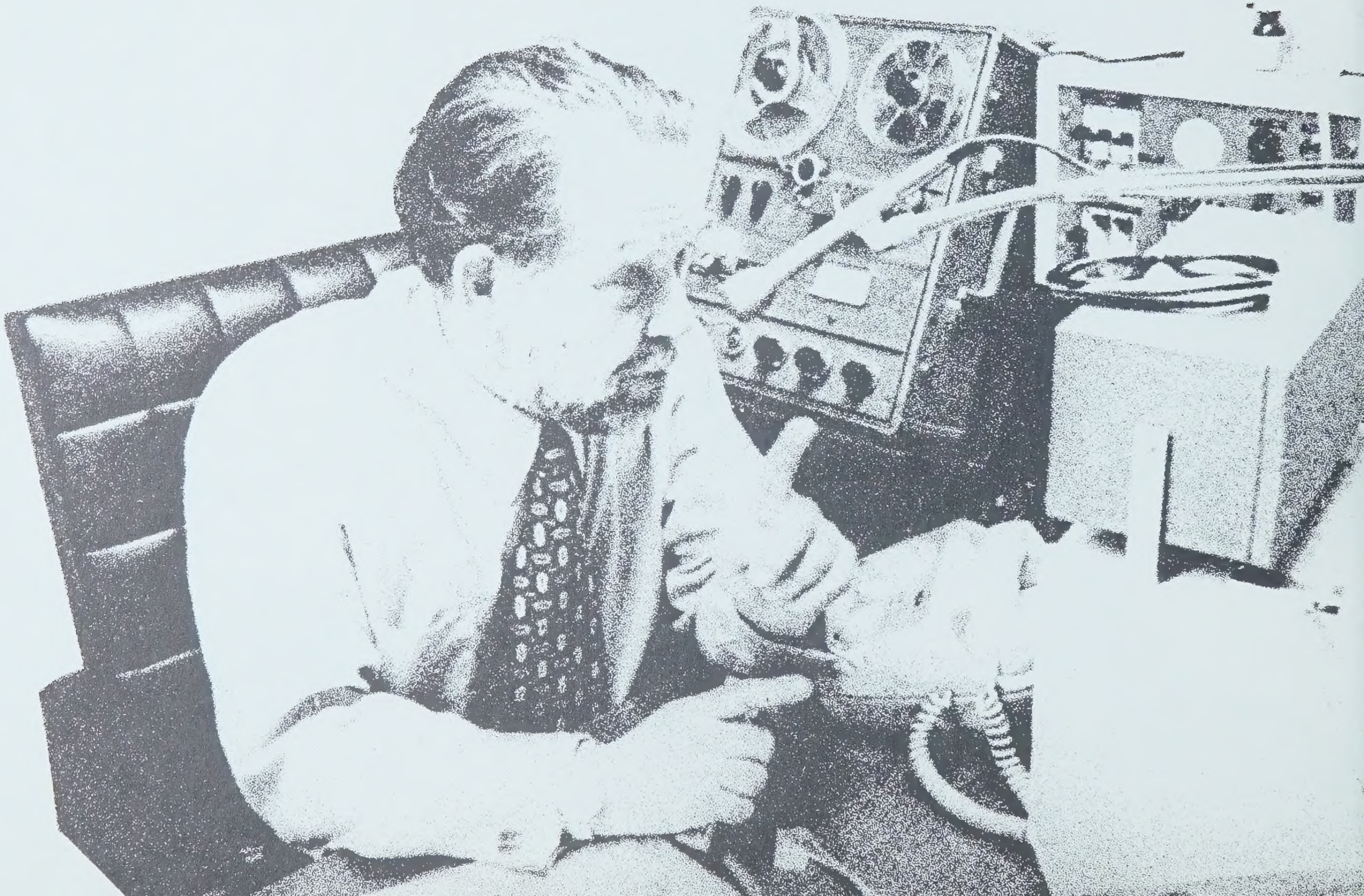
ROBERT G. DINNING, C.A.
Vancouver, B.C.
Vice President-Finance

G. NELDON COOPER
New Westminster, B.C.
Vice-President, Sales

RODERICK M. MACLENNAN
Winnipeg, Manitoba
Vice President, Manitoba







Highlights

Acquisitions have resulted in broadening the base of operations.

Total sales increased 48% over the previous year.

Net income including dividends passed the million dollar mark for the first time.

Earnings attributable to common shares, $909,619, equivalent to 91¢ per common share.

CRTC has approved purchase by Western Broadcasting subsidiary (Radio ML Ltd.) of assets of CHML and CKDS-FM, Hamilton, Ont.

Directors authorize 12% increase in dividends for shareholders of record, at August 31, 1971.

Directors propose three for one subdivision of the common shares for shareholders of record at August 31, 1971.


CKNW

Report to Shareholders

The Directors are pleased to present the Annual Report of Western Broadcasting Company Ltd., together with the financial statements and Report of the Auditors for the year ended March 31, 1971.

During the past fiscal year, Radio QR Ltd. (CHQR, Calgary, Alberta) and Express Cable Television Ltd. (CATV, North Vancouver, B.C.) contributed to earnings for the first time. With this broadened base, the total sales increased 48% from $4,234,397 in 1970 to $6,274,324 this year. The operating income increased 61% over the previous year to $2,385,748. Net income, including dividends from unconsolidated investments, passed the one million mark for the first time increasing 61% from $741,041 in 1970 to $1,197,119 this year. After making provision of $287,500 for dividends on the preferred shares for the year, earnings available to the common shares were $909,619. This represents 91¢ per common share on 1,000,155 shares outstanding and compares with $646,521 in the previous year or 70¢ per share on the weighted average number of common shares outstanding during that year of 925,588 shares.

Your Company's share of earnings from investment in other broadcasting properties exceeded the amount received in dividends by $125,228 (1970 — $119,036).

Total additions to plant and equipment of the Company's wholly owned subsidiaries during the year under review amounted to $271,206.

During the year, quarterly dividends of 12¢ per common share were paid amounting to 48¢ per annum.

The Board has approved an increase in the dividend paid on common shares from 12¢ to 13½¢ per quarter, effective with the next dividend to be paid, September 30th, 1971 to shareholders of record August 31, 1971.

In conjunction with the increased dividend payment, the Directors propose to present to the next annual meeting a subdivision of the common shares on a three for one basis, the date of record to be August 31, 1971.

RADIO — British Columbia

Radio Station CKNW continued to dominate the Vancouver market during the year and its total audience figures exceed those of any radio station west of Toronto. This year is the first complete year of operation of Radio NW Ltd.'s FM stereo facility, CFMI-FM. CFMI has not yet reached a break-even point but, despite the slowed economy in British Columbia, has made major strides in audience and advertiser acceptance in recent months. We expect it to make a contribution to earnings in the current fiscal year.

We are pleased to report that your radio operations in British Columbia as a whole made a greater contribution to profit this past year than they did in 1970.

RADIO — Alberta

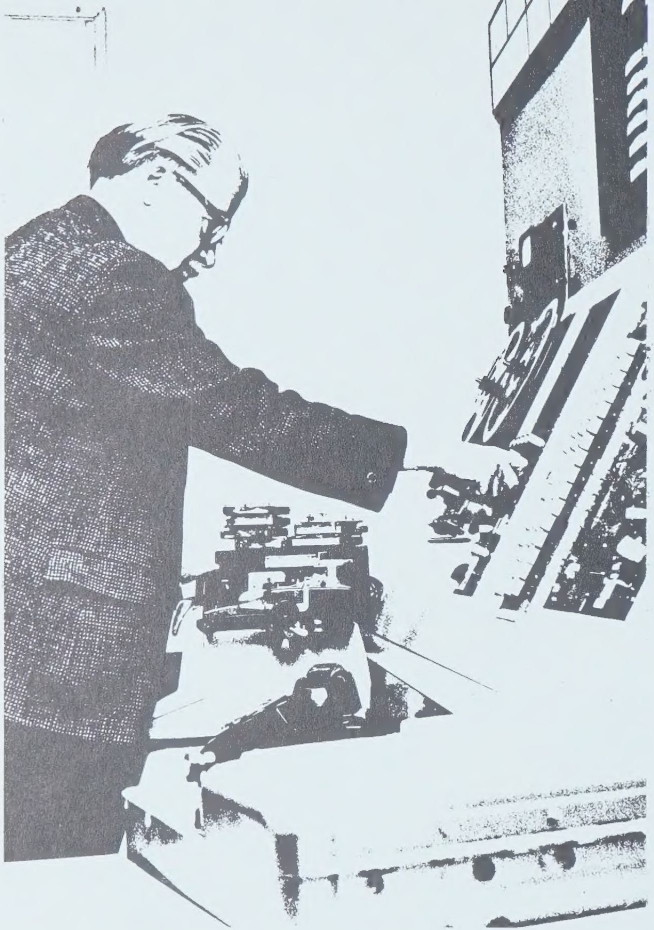
Radio QR Ltd., formerly Bentley Broadcasting Company Ltd. was acquired effective April 1, 1970 and is the licensee of Radio Station CHQR in Calgary. The initial year's operation in Calgary has been gratifying and CHQR has maintained its strong audience position, especially in the adult age group.

RADIO — Manitoba

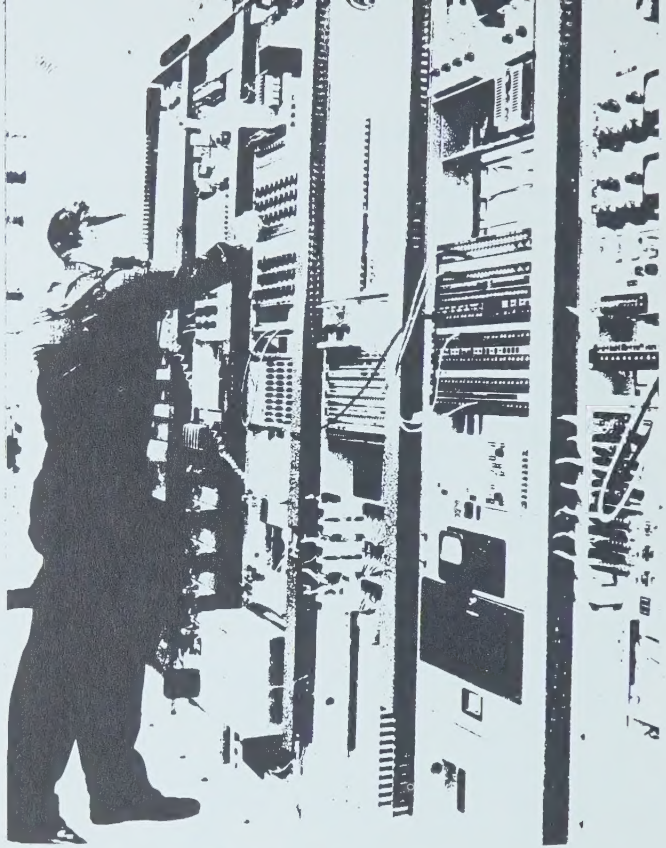
Your Company's Radio Stations CJOB and CJOB-FM, Winnipeg, have enjoyed an excellent year in audience acceptance and advertiser support. According to Bureau of Broadcast Measurement audience survey reports, CJOB has a substantial lead over all other radio stations in the Winnipeg market and CJOB-FM is the leading FM radio station. Radio OB Ltd. increased its contribution to the profits of the group over that of the previous year.

RADIO — Ontario

In January 1971, the Company incorporated a wholly owned subsidiary, Radio ML Ltd., which agreed to purchase the broadcasting assets of Maple Leaf Broadcasting Company Ltd., licensee of Radio Stations CHML and CKDS-FM, both in Hamilton, Ontario. The applications for the change of ownership have been approved by the Canadian Radio-Television Commission.



CHML is the leading radio station in Hamilton and has been noted for its community involvement. CKDS-FM has the largest FM radio audience in its service area. Financing of this purchase has been arranged through a long term bank loan and it is expected that your operations in Ontario will make an immediate and significant contribution to the profits of your Company. The stations have an experienced management team headed by veteran broadcaster Mr. Thomas E. Darling.



TELEVISION — British Columbia

Your Company owns 44.4% of the issued common shares of British Columbia Television Broadcasting System Ltd. (BCTV). BCTV operates the CTV outlet, Channel 8 in Vancouver, and the CBC outlet, Channel 6 in Victoria. It also owns a one-third interest in Okanagan Valley Television Ltd., the CBC television affiliate in the Okanagan Valley. During the past year, BCTV constructed four re-broadcasting stations in the Okanagan Valley and Kamloops, and the complete Channel 8 service including the CTV network is now offered to those areas. This is the second Canadian television service in this fast growing area.

The total audience for Channel 8 and Channel 6 is now at the highest level ever. Nevertheless, the continuing fragmentation of the Vancouver-Victoria audience through the availability to viewers, via CATV, of the Seattle-Tacoma television stations is a matter of serious concern to management.

Due to poor market conditions in British Columbia, the cost of meeting the Canadian content requirements, and extending the Channel 8 service to the Okanagan Valley and Kamloops, operating results for this year will be less satisfactory than in the preceding year. However, your investment in television will continue to make a contribution to the group profits

TELEVISION — Nova Scotia

As referred to in your Directors' Report last year, your Company had a beneficial interest, through Canastel Broadcasting Corporation Ltd., of 14% in CJCH Ltd., the CTV Network licensee for Halifax, Nova Scotia. This interest was acquired as part of a purchase of an increased holding in BCTV and did not appear likely to make a contribution by way of dividend to your Company's earnings for some years. We were able to dispose of this interest for cash during the year just closed with the proceeds being used to assist in financing the other acquisitions referred to previously.

COMMUNITY ANTENNA TELEVISION — British Columbia

During the past year, your Company received CRTC approval to purchase the remaining outstanding shares of Express Cable Television Ltd., CATV licensee in North Vancouver, B.C. Express is operating profitably and experiencing a growth in net income. The licensed area is completely wired and there are in excess of 13,000 subscribers which is approximately 60% saturation. In the coming year, the saturation level is expected to increase by 10%

Since the purchase, the Company has arranged to extend to the Express subscribers the educational television service on Channel 9 from Seattle. All equipment necessary is installed to extend the Vancouver community cable service on Channel 10 to Express subscribers. The service commenced on July 5.

COMMUNITY ANTENNA TELEVISION — Alberta

As reported last year, your Company participated, through Foothills Cablevision Ltd., in an application to extend CATV service to the City of Calgary. This application was not successful because in the recent decisions of the CRTC, a policy has been evolving under which broadcasters are not permitted to engage in CATV projects in the same market. Your Company believes the CATV industry is a service undertaking, rather than a broadcasting enterprise and that the CRTC policy insofar as it applies to radio broadcasters is without merit.

SOUND PRODUCTIONS

Your Company's subsidiary Western Productions Ltd. during the past year became more active in the production aspects of the industry in an attempt to satisfy the increasing demand for sophisticated audio productions for radio, television and other areas of sound communication. The equipment and studios are of the latest design and through an imaginative staff of technicians and producers, an increasing number of satisfied clients in and out of broadcasting are being served.

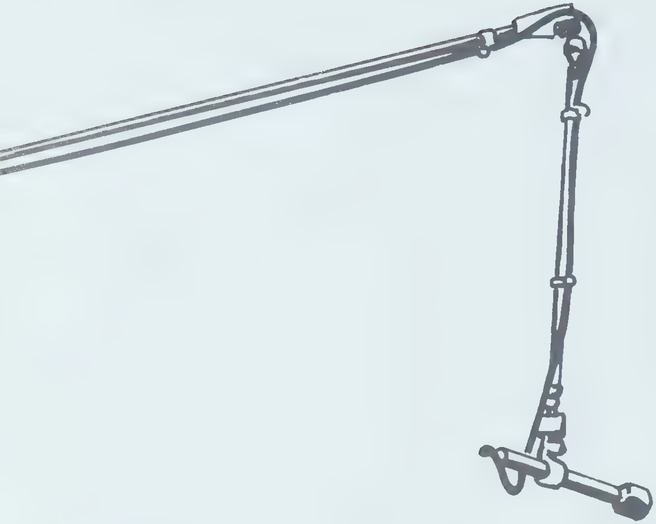
SALES REPRESENTATIVES

During the year, another arm of the Company called Western Broadcast Sales (1970) Ltd. was incorporated to serve a need for broadcast time sales representation in Western Canada. Western Broadcast Sales, with offices in Winnipeg and Vancouver, represents a number of large Canadian stations. This subsidiary (while only in operation for six months) was able to contribute to the earnings of the group.

REGULATIONS

As reported last year, your Company has introduced new Articles of Association, which were approved by the shareholders and ensure that the ownership of shares in the Company by non-Canadians will not exceed the limits authorized by the Canadian Government. Your Company fully meets the ownership requirements.

As stated earlier, the television broadcasters in those areas of Canada having a high degree of CATV penetration are finding the fragmentation of audiences an increasing detriment to advertiser



support. The CRTC has recognized this problem by issuing a position paper on the subject and by conducting a lengthy public hearing in the month of April. Western, through our TV and CATV interests, made representations at this hearing. We believe there will be regulatory changes that will stabilize and reinforce the position of the television broadcasters in Canada but that these rules will not inhibit the development of CATV.

In January 1971, new Canadian content requirements for radio broadcasters came into effect and your Company's subsidiaries are complying with these regulations. A recent ruling of the Copyright Appeal Board setting a rate that must be paid to the record manufacturers for the use of recordings is both retrogressive and against the public interest. The vast majority of the revenue to the recording manufacturers will not remain in Canada and will not contribute toward the development of Canadian talent. A Government Bill to amend the Copyright Act to exclude manufacturers of recordings from the benefit of Copyright fees has been passed by the Senate of Canada and it is hoped that this legislation will be passed in the very near future by the House of Commons.

The economic slowdown from which British Columbia is suffering has caused a decline in forward advertising commitments. This softness will be further aggravated next fall when the ban on tobacco advertising becomes effective in that province. Nevertheless, your Company's operations are in a strong position to meet this trend. In the year just closed, they have established records both in audience and revenues and, as well, have widened their operating margins. By reason of our diversification, we look forward with confidence to the year 1971-72.

STAFF

Your Company is actively exploring investment opportunities in the communication field in other countries, as well as in major cities in Canada.

As a result of the Company's broadened activities, executive offices in the Bentall Centre in Vancouver were opened in 1970. Mr. William J. Hughes, Executive Vice-President of Western, was appointed President of Radio NW Ltd., and Mr. G. N. (Mel) Cooper, Vice-President, Sales, Western, was appointed Manager of Radio Station CKNW. Mr. Robert G. Dinning, C.A., was appointed Vice-President, Finance of Western and also named Secretary of the Company. Mr. R. M. (Rory) MacLennan, Vice-President, Manitoba, has been elected President of Radio OB Ltd. in Winnipeg.

We would like to acknowledge the support of our shareholders and our employees in making the past year a record one.

Ten Year Comparative Statement of Earnings.

Year Ended March 31	Earnings before adding Income from Investments and deducting Depreciation, Interest on Long Term Debt and Income Taxes	Income from Investments	Depreciation	Interest on Long Term Debt	Income Taxes	Net Broadcast Earnings
1971	$ 2,385,748	$ 177,675	$ 223,575	$ —	$ 1,142,729	$ 1,197,119
1970	1,375,081	192,398	107,101	21,907	697,430	741,041
1969	1,348,683	89,830	86,516	—	673,627	678,370
1968	1,179,006	44,575	73,720	—	552,777	597,084*
1967	1,075,744	9,543	84,365	20,016	433,819	547,087
1966	766,282	7,856	107,607	50,720	207,500	408,311
1965	624,426	5,636	122,675	49,095	154,386	303,906
1964	622,690	7,602	68,841	50,515	215,592	295,344
1963	609,298	6,216	98,684	55,752	207,701	253,377
1962	494,081	5,278	56,328	36,652	210,593	195,786

*Does not include profit on disposal of marketable securities of $434,682.

Western Broadcasting Company Ltd.

(Incorporated under the laws of British Columbia) and subsidiary companies

ASSETS

	1971	1970
CURRENT ASSETS		
Cash	**$ 111,363**	$ 958,642
Marketable securities, at cost (quoted market value 1971, $107,400; 1970, $68,150)	**114,470**	74,247
Accounts receivable	**935,340**	591,409
Prepaid expenses	**57,078**	40,920
	1,218,251	1,665,218
INVESTMENTS AND ADVANCES		
British Columbia Television Broadcasting System Ltd. (note 1)	**3,020,889**	3,086,578
Canastel Broadcasting Corporation Limited, at cost (note 1)	**978,679**	1,382,717
Express Cable Television Ltd., at cost (note 1)	**—**	775,611
Other	**—**	1,021
	3,999,568	5,245,927
FUNDS APPROPRIATED FOR PURCHASE OF SUBSIDIARY COMPANY	**—**	1,350,000
FIXED ASSETS (note 2)		
Land, at cost	**77,120**	43,061
Leasehold improvements, buildings and equipment, at cost less amortization and accumulated depreciation of $1,530,753 (1970, $983,602)	**1,673,128**	775,642
	1,750,248	818,703
INTANGIBLE ASSETS		
Rights, other intangibles and goodwill, at cost	**628,747**	628,114
Excess of cost of shares of subsidiary companies over book value of underlying assets of such subsidiary companies at date of acquisition	**6,988,509**	2,904,731
	7,617,256	3,532,845
	$14,585,323	$12,612,693

Consolidated Balance Sheet

as at March 31, 1971 *(with comparative figures at March 31, 1970)*

LIABILITIES

	1971	1970
CURRENT LIABILITIES		
Bank indebtedness, secured	**$ 100,000**	$ 369,850
Accounts payable and accrued liabilities	**310,384**	179,886
Income taxes payable	**138,598**	26,552
	548,982	576,288
DEFERRED INCOME TAXES (note 2)	**243,302**	—

SHAREHOLDERS' EQUITY

	1971	1970
CAPITAL STOCK (note 3)		
Authorized		
200,000 5-3/4% Cumulative redeemable convertible preferred shares, par value $25		
2,000,000 Common shares without par value		
Issued		
200,000 Preferred shares	**5,000,000**	5,000,000
Commission on sale of shares	**(225,000)**	(225,000)
	4,775,000	4,775,000
1,000,155 Common shares (1970, 938,652)	**6,927,720**	5,577,720
	11,702,720	10,352,720
RETAINED EARNINGS	**2,090,319**	1,683,685
	13,793,039	12,036,405
	$14,585,323	$12,612,693

COMMITMENTS (note 4)

Signed on behalf of the Board

Director   Director

Consolidated Statement of Earnings and Retained Earnings

year ended March 31, 1971 *(with comparative figures for 1970)*

	1971	1970
Sales	**$6,274,324**	$4,234,397
Operating expenses	**3,888,576**	2,881,223
Revenue from operations before the undernoted	**2,385,748**	1,353,174
Income from investments	**177,675**	192,398
	2,563,423	1,545,572
Depreciation and amortization	**223,575**	107,101
Provision for income taxes	**1,142,729**	697,430
	1,366,304	804,531
NET EARNINGS FOR THE YEAR	**1,197,119**	741,041
Retained earnings at beginning of year	**1,683,685**	1,386,329
	2,880,804	2,127,370
Dividends paid		
Preferred shares (to December 31, 1970)	**310,411**	—
Common shares	**480,074**	443,685
	790,485	443,685
RETAINED EARNINGS AT END OF YEAR	**$2,090,319**	$1,683,685
*Earnings per common share (in 1970, based on weighted average of number of shares outstanding)	**91¢**	70¢

*Earnings applicable to the common shares for the year amount to $909,619 (1970, $646,521) after allowing $287,500 (1970, $94,520) for dividends on the preferred shares.

Consolidated Statement of Source and Application of Funds

year ended March 31, 1971 *(with comparative figures for 1970)*

	1971	1970
SOURCE OF FUNDS		
Net earnings for the year	**$1,197,119**	$ 741,041
Items not involving current funds		
Depreciation and amortization	**223,575**	107,101
Deferred income taxes	**50,377**	—
	1,471,071	848,142
Issue of preferred shares net	**—**	4,775,000
Issue of common shares for investment in broadcasting companies	**1,350,000**	572,550
Repayment of advances to and redemption of preferred shares of broadcasting companies	**469,726**	134,255
Other	**387**	19,494
	3,291,184	6,349,441
APPLICATION OF FUNDS		
Additions to fixed assets, including assets of subsidiary companies acquired during year	**1,155,120**	237,770
Excess of cost of shares of subsidiary companies acquired during year over their underlying book values	**1,765,240**	—
Dividends paid	**790,485**	443,685
Purchase of investments in broadcasting companies	**—**	3,041,374
Funds appropriated for purchase of subsidiary company	**—**	1,350,000
Bank loan repayment	**—**	350,000
	3,710,845	5,422,829
INCREASE (DECREASE) IN WORKING CAPITAL	**(419,661)**	926,612
WORKING CAPITAL AT BEGINNING OF YEAR	**1,088,930**	162,318
WORKING CAPITAL AT END OF YEAR	**$ 669,269**	$1,088,930

1. BASIS OF CONSOLIDATION

The assets of the wholly-owned subsidiaries are, with one exception, carried into the consolidated balance sheet at historical values, with the excess of the cost of shares in subsidiaries over these values being recorded as an intangible asset. The exception is British Columbia Television Broadcasting System Ltd. (BC TV), where the excess of cost of the shares in Saturna Investments Ltd. and Western Productions Ltd. over the historical cost of their assets has been attributed in the consolidation to their principal asset, namely their nvestment in BC TV

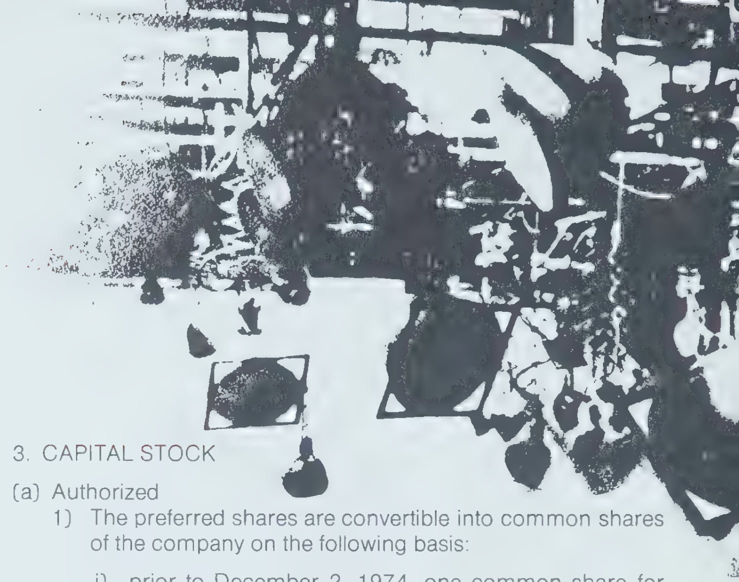
During the year the company completed its purchase of all of the outstanding common shares of Radio QR Ltd. (formerly Bentley Broadcasting Company Ltd.) and Express Cable Television Ltd. and the accounts of these companies have been included in these consolidated statements

Canastel Broadcasting Corporation Limited ("Canastel"), a 55.1% owned subsidiary, has not been consolidated as the company has agreed to allow the minority shareholder to elect an equal number of directors to the Board of Directors. All resolutions of that Board require a majority vote. The company's portion of the profit of Canastel" for the year ended March 31, 1971 is $38,403, excluding an extraordinary gain (1970 – $13,854)

Dividends received from the subsidiary during the year amounting to $33,765 (1970 – $17,032), are included in the company's accounts as income from investments. Undistributed earnings of Canastel" since acquisition amount to $77,466

2. INCOME TAXES AND DEPRECIATION

The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts for cable systems. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes" All other fixed assets are depreciated at the maximum rates allowable for income tax purposes



3. CAPITAL STOCK

(a) Authorized

1) The preferred shares are convertible into common shares of the company on the following basis:

   i) prior to December 2, 1974, one common share for one preferred share

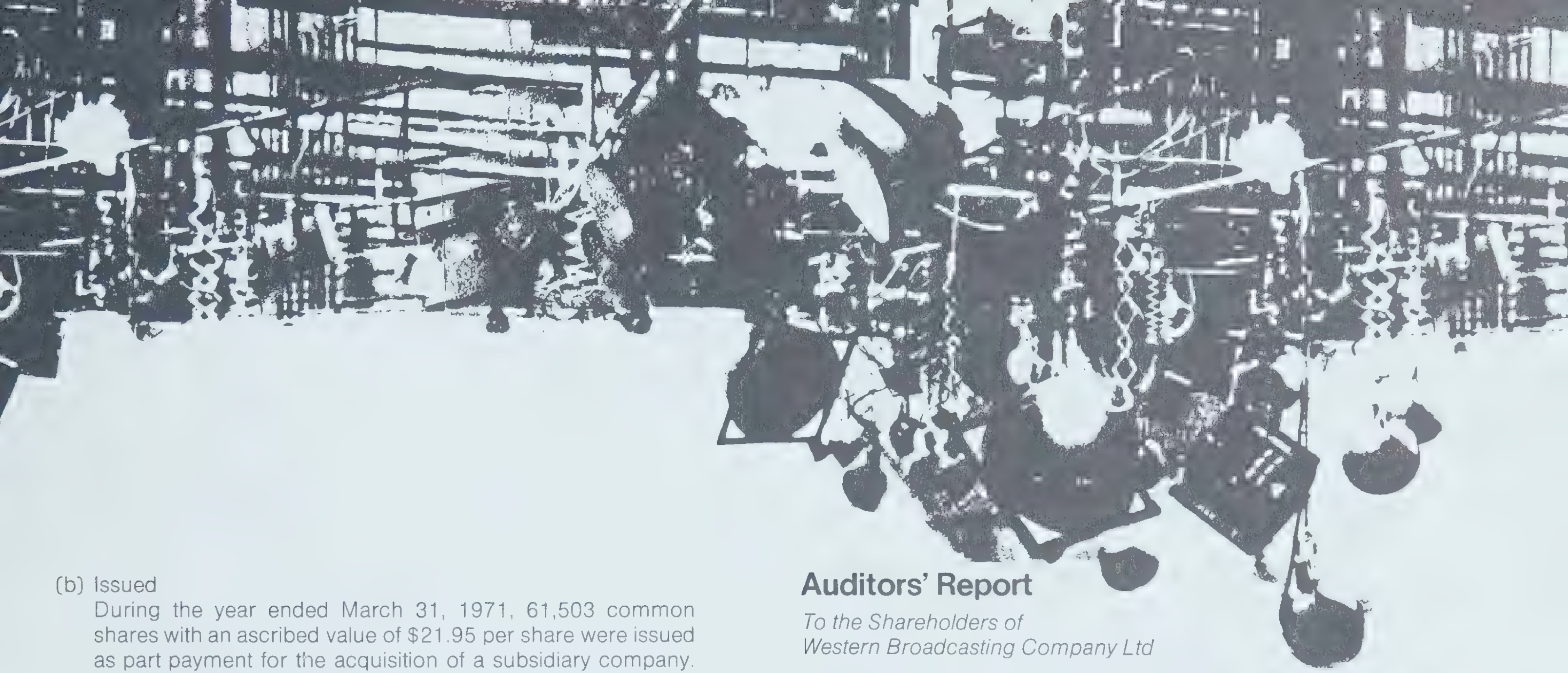
   ii) from December 2, 1974 to December 1, 1979, one common share for one preferred share and $2.50 in cash

   The preferred shares are redeemable by the company from December 2, 1974 to December 1, 1979 at $27.50 per share and thereafter at $26.00 per share, together with an amount equal to all unpaid preferential divisions accrued thereon to the redemption date.

   The company may purchase the preferred shares for cancellation on the open market on certain terms and conditions.

   Dividends payable on the common shares are restricted under the terms of the preferred share issue. Under the most restrictive of these provisions, dividends paid subsequent to March 31, 1969 on all shares of the company cannot reduce retained earnings below $386,000.

2) 200,000 unissued common shares have been reserved for conversion of the preferred shares.



(b) Issued
During the year ended March 31, 1971, 61,503 common shares with an ascribed value of $21.95 per share were issued as part payment for the acquisition of a subsidiary company.

4. COMMITMENTS

(a) The company has agreed to purchase certain broadcasting assets from Maple Leaf Broadcasting Company Limited for a cash consideration of $3,500,000. Such purchase is subject to the approval of the Canadian Radio-Television Commission. If approval is received, the closing shall take place within 15 days of the date of approval.

(b) One of the subsidiaries is lessee of its main premises at a minimum annual rental of $18,670 to January 1988. The lease may be renewed for a further 21 years.

5. STATUTORY INFORMATION

The direct and indirect remuneration paid by the company and its subsidiaries to the directors and senior officers of the company for the year ended March 31, 1971 was $225,429 (1970, $148,978).

Auditors' Report

To the Shareholders of
Western Broadcasting Company Ltd

We have examined the consolidated balance sheet of Western Broadcasting Company Ltd. and its subsidiary companies as at March 31, 1971 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants

May 10, 1971.

Subsidiary Companies

Radio NW Ltd.	
President	W. J. Hughes
Station Manager	G. N. Cooper
Radio OB Ltd.	
President & Manager	R. M. MacLennan
Radio QR Ltd.	
President & Manager	T. S. Soskin
Radio ML Ltd.	
President	T. E. Darling
Station Manager	W. E. Hall
Express Cable Television Ltd.	
Manager	B. J. Shepard
Western Productions Ltd.	
Operations Manager	R. M. Abbott
Western Broadcast Sales (1970) Ltd.	
Manager	M. J. Davies

Affiliated Company

British Columbia Television Broadcasting System Ltd.	
President & General Manager	J. R. Peters

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WESTERN BROADCASTING COMPANY LTD.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for six months ended 30 September, 1971

SOURCE OF FUNDS	1971	1970
Net income before provision for depreciation	$ 993,464	$ 712,650
Issue of common shares	—	1,350,000
Increase in deferred income taxes	—	195,174
Bank Loan	3,500,000	362,200
	$ 4,493,464	$ 2,620,024

APPLICATION OF FUNDS		
Addition to fixed assets	$ 946,207	$ 1,032,216
Addition to intangible assets	2,636,802	—
Dividends paid: Preferred	143,750	165,411
Common	255,040	240,037
Increase in excess of cost of shares of subsidiary companies over book value	—	1,929,005
Reclassification of Bank Loan	437,500	—
Other	—	481
	$ 4,419,299	$ 3,367,150

INCREASE (DECREASE) IN WORKING CAPITAL	$ 74,165	$ (747,126)
Working capital at beginning of period	669,269	1,088,930
Working capital at end of period	743,434	341,804

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WESTERN BROADCASTING COMPANY LIMITED

and Subsidiary Companies

Interim Report to the Shareholders for the Six Months Ended 30 September, 1971

INTERIM REPORT TO THE SHAREHOLDERS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 1971

This report covers the operations of your Company for the first half of the 1972 financial year. Included is a Statement of Income and of Source and Application of Funds for the current year to date and the corresponding period of last year.

In July, your Company, through a wholly-owned subsidiary, Radio ML Ltd. completed the purchase of the assets of Radio Stations CHML and CKDS-FM in Hamilton, Ontario. These stations commenced contributing to the Company's earnings as of July 1, 1971.

Sales, operating profit, net profit and earnings attributable to common shares all showed substantial increases over the same period last year. The Company is encouraged by the sales forecasts of the subsidiaries despite the fact that all cigarette advertising has or will shortly be removed from the electronic media.

Western has been engaged in research over the past two years in an effort to develop a top quality tape cartridge for use in FM-stereo broadcast stations. As a result, the "Aristocart" was born and has been tested "on air" successfully for over six months. The cartridge is being manufactured in Canada and is being offered for sale throughout North America.

At the Annual Meeting of Western held on August 18, the shareholders approved a three for one common share subdivision and it became effective in early September.

A dividend equivalent to 4½¢ per common share calculated on a post-share subdivision basis was declared for shareholders of record on August 31, 1971 and paid on September 30, 1971. This payment reflected a 12% increase in the dividend rate authorized by your Directors in July.

The Directors have announced the appointment of Mr. Thomas E. Darling, President of Radio ML Ltd., as a Vice-President of your Company.

The attached financial statements do not reflect the corporate tax reduction announced by the Federal Government on 14 October, 1971.

FRANK A. GRIFFITHS, C.A.
President.

WILLIAM J. HUGHES
Executive Vice-President.

21 October, 1971

SUMMARY OF RESULTS (unaudited)	**Six Months Ended 30 September** 1971	1970
NET SALES	$ 3,908,213	$ 3,044,771
Income from Operations after providing for all expenses except those deducted hereunder	1,602,643	1,201,969
Revenue from other investments	74,619	112,933
TOTAL	$ 1,677,262	$ 1,314,902
Depreciation	114,624	109,536
Non-deductible capital loan interest	—	14,388
	$ 1,562,638	$ 1,190,978
Income Taxes	683,798	587,864
NET INCOME(1)	878,840	$ 603,114
Outstanding common shares (2)	3,000,465	3,000,465
Earnings per common share (2)	24.5c	15.3c
Dividends paid on common shares	$ 255,040	$ 240,037
Dividends per common share (2)	8.5c	8.0c

(1) Net income in 1971 and 1970 has been reduced by $143,750 being earnings accruing to preferred shareholders. The remaining earnings of $735,090 (1971) and $459,364 (1970) are applicable to common shares.

(2) The common shares outstanding, earnings per common share and dividends per common share as at September 30, 1970, have been restated in order to take into account the 3:1 subdivision of common shares which took place September 7, 1971.